RAJYA SABHA

Tuesday, the 19th November, 1985/28 *Kartika,* 1907 (*Saka*)

The House met at eleven of the clock, **Mr. Chairman** in the Chair

ORAL ANSWERS TO QUESTIONS

Evasion of excise duty by the powerloom sector

*21. SHRIMATI KRISHNA KAUL:†

SHRI K. VASUDEVA PANICKER:

Will the Minister of FINANCE be pleased to state:

(a) what was the amount of excise duty evasion by the powerloom sector detected by Government during the last three months; and

(b) what steps Government are taking to recover the excise duty?

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH): (a) and (b) In view of the exemption from central excise duty on cotton fabrics w.e.f. 17-3-1985, no duty is payable on any unprocessed fabrics manufactured by powerloom sector. Therefore, the question of detection of evasion of duty on fabrics manufactured since does not arise.

SHRIMATI KRISHNA KAUL: Sir, the hon. Minister in his reply has said that no excise duty is payable on any unprocessed fabrics manufactured by the powerloom sector because cotton fabrics have been exempted from the Central excise duty. But, Sir, the powerloom also use nylon and polyester filament yarn on which the excise duty remains unchanged. And according to newspaper reports, almost half of the 2-1/2 lakh powerlooms in Bhiwandi alone have closed down, throwing about a lakh of persons out of employment. May I know from the hon. Minister what steps the Government are taking to see that the powerlooms continue to function and the workers are not thrown out of employment?

SHRI VISHWANATH PRATAP SINGH: Sir, the question relates to the evasion of excise duty and what the Government is trying to do to recover the duty. The supplementary relates to closures and I think it is not related to this question, if you will kindly see.

MR. CHAIRMAN: The point which the Member made is that the powerlooms also use other synthetic fibres and duty is levied on them, and they are evading it. Is there any such information?

SHRI VISHWANATH PRATAP SINGH: Some measures were taken in the budget itself so that this duty evasion was plugged. And at the moment we think that the measures that we have taken are enough.

MR. CHAIRMAN: Second supplementary.

SHRIMATI KRISHNA KAUL: No.

MR. CHAIRMAN: Mr. Vasudeva Panicker.

SHRI K. VASUDEVA PANICKER: I would like to know whether any evasion of excise duty by the organised textile industry sector has also been detected and, if so, what is the amount of evasion during the last three years and what steps are being taken to recover that amount.

SHRI VISHWANATH PRATAP SINGH: Sir, whenever evasion comes to notice, we take action. I do not have the exact figures with me at present about the organised sector.

SHRI NIRMAL CHATTERJEE: Sir, the answer that the hon. Finance Minister gave related to the inputs. But when the manufacturers make the fabrics, do they have to pay excise duty? In such cases, because of the duty, which kind

†The question was actually asked on the floor of the House by Shrimati Krishna Kaul.

of difficulties are they facing and which kind of evasion are they managing? That is my que tion.

SHRI VISHWANATH PRATAP SINGH: Sir, one was that the unprocessed cotton fabrics with the powerlooms were fully exempted earlier. So this was one route of evasion. That advantage that was enjoyed by the powerlooms has been taken away and this evasion route has been nullified. The other was of the processing stage. There was a differential. That differential has been taken away. So that route of evasion has also been plugged. So these are the steps that we have taken to remove evasion in the final production stages.

SHRI M. S. RAMACHANDRAN: Sir, I am not again t any action against evasion of taxes, but in the process it had adverse impact on several sectors. There are the processing and weaving units in Bhiwandi. There are spinning mills in Tamil Nadu. These two centres were the main con umers of the yarn. As a result, there is a huge accumulation of yarn....

MR. CHAIRMAN: Not relevant.

SHRI GHULAM RASOOL MATTO: Sir, the question relates to the evasion of tax in the powerloom sector. There is another point also. The spinning sector has also set up certain powerlooms. A unit having only a spinning plant has put up certain powerlooms. As a result of this, they divert the yarn to the powerloom sector and evade taxes. Is the Minister aware of such an evasion?

MR. CHAIRMAN: Both Mr. Reddy and Mr. Advani are advised that they should not cross when the Member is speaking.

SHRI GHULAM RASOOL MATTO: Is the Minister aware of such an evasion? Has he taken any action?

SHRI VISHWANATH PRATAP SINGH: This specific thing has not come to my notice.

MR. CHAIRMAN: Question No. 22—Hon. Member absent.

*22. [*The questioner (Shri Krishna Kumar Birla) was absent. For answer ,vide col. . . .39-40 infra.*]

MR. CHAIRMAN: Question No. 23.

Workers' participation in management of the public sector units

*23. SHRI GURUDAS DAS GUPTA:

SHRI SURAJ PRASAD:†

Will the Minister of LABOUR be pleased to state:

(a) whether all the public sector units have imp'emented the scheme for workers' p rticipation in management;

(b) whether it i, a fact that the Chief Executives of the public sector undertakings have recently expressed themselves against workers' participation at board level; and

(c) if so, what is Government's reaction thereto?

THE MINISTER OF STATE OF THE MINISTRY OF LABOUR (SHRI T. ANJAIAH): (a) to (c) A Statement is laid on the Table of the House.

Statement

According to the available information, 72 pu'blic sector undertakings have introduced the scheme on "Employees' Participation in Management" which was notified by the Government vide its Resolution dated the 30th December, 1983 at Shop Floor and/or Plant Level. The names of these undertakings are given in Annexure—I.

Presumably, the reference in part (b) of the Question is to the Meeting of the Chief Executives of some of the major Public Sector Undertakings convened on the 16 h and 17th October, 1985 by the Ministry of Industry. The meeting was

†The question was actually asked on the floor of the House by Shri Suraj Prasad.